

China National Accord Medicines Corporation Ltd.

First Quarterly Report 2018

April 2018

Section I. Important Notes

Board of Directors and the Supervisory Committee of China National Accord Medicines Corporation Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

All Directors are attended the Board Meeting for Quarterly Report deliberation.

Lin Zhaoxiong person in charge of the Company, Wei Pingxiao, person in charge of accounting works and Wang Ying, person in charge of accounting organ (accounting officer) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete.

Section II. Company profile

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

	Current Period	Same period of last year	Changes of this period over same period of last year
Operating income (RMB)	10,256,566,731.51	10,222,459,812.55	0.33%
Net profit attributable to shareholders of the listed company (RMB)	292,731,685.33	272,564,318.71	7.40%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	284,982,162.39	271,249,398.43	5.06%
Net cash flow arising from operating activities (RMB)	-864,716,289.96	-502,263,276.11	-72.16%
Basic earnings per share (RMB/Share)	0.68	0.64	6.25%
Diluted earnings per share (RMB/Share)	0.68	0.64	6.25%
Weighted average ROE	3.07%	3.17%	-0.10%
	At the end of the reporting period	At the end of last year	Changes of this period-end over same period-end of last year
Total assets (RMB)	23,760,905,981.51	22,343,643,527.77	6.34%
Net assets attributable to shareholder of listed company (RMB)	9,689,304,031.21	9,396,572,345.88	3.12%

Items of non-recurring gains and losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	3,830,300.39	Revenue from intangible assets disposal by subsidiary – Sinopharm Holding Guangxi Logistic Co., Ltd.
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	2,094,366.02	Mainly due to the various special grants received in the current period.

Reversal of impairment reserve for account receivable with separate impairment testing	3,740,941.40	The bad debt of receivables accrual independently previous year has collected in the period
Other non-operating income and expenditure except for the aforementioned items	60,814.75	
Less: impact on income tax	1,942,073.91	
Impact on minority shareholders' equity (post-tax)	34,825.71	
Total	7,749,522.94	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

II. Total number of shareholders at the end of this report period and top ten shareholders

1. Total number of common shareholders at the end of this report period and top ten common shareholders

In shares

Total common shareholders at the end of report period	17,838	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0			
Top ten shareholders						
Shareholder's name	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Sinopharm Group Co., Ltd.	State-owned legal person	56.06%	239,999,991	55,057,700		
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign Corporation	2.37%	10,141,182	0		
China Life Insurance Co., Ltd. – tradition – general insurance	Domestic non state-owned legal person	2.05%	8,777,292	0		

products - 005L-CT001 Shen						
China United Property Insurance Company Limited Traditional insurance products	Domestic non state-owned legal person	1.42%	6,092,905	0		
China National Pharmaceutical Foreign Trade Corporation	State-owned legal person	1.24%	5,323,043	5,323,043		
GUOTAI JUNAN SECURITIES(H ONGKONG) LIMITED	Foreign Corporation	1.23%	5,268,100	0		
TARGET VALUE FUND	Foreign Corporation	1.01%	4,321,860	0		
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses -018L-FH002 Shen	Domestic non state-owned legal person	0.99%	4,229,772	0		
# Beijing Haoqing Fortune Investment Management Co., Ltd. – Haoqing Value Stable No.8 Investment Fund	Domestic non state-owned legal person	0.95%	4,048,216	0		
Central Huijin Investment Ltd.	State-owned legal person	0.89%	3,804,400	0		
Top ten shareholders with unrestricted shares held						
Shareholder's name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
Sinopharm Holding Co., Ltd.	184,942,291	RMB ordinary shares	184,942,291			
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	10,141,182	Domestic listed foreign shares	10,141,182			
China Life Insurance Co., Ltd. – tradition –general insurance products	8,777,292	RMB ordinary shares	8,777,292			

-005L-CT001 Shen			
China United Property Insurance Company Limited - Traditional insurance products	6,092,905	RMB ordinary shares	6,092,905
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,268,100	Domestic listed foreign shares	5,268,100
TARGET VALUE FUND	4,321,860	Domestic listed foreign shares	4,321,860
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses - -018L-FH002 Shen	4,229,772	RMB ordinary shares	4,229,772
# Beijing Haoqing Fortune Investment Management Co., Ltd. – Haoqing Value Stable No.8 Investment Fund	4,048,216	RMB ordinary shares	4,048,216
Central Huijin Investment Ltd.	3,804,400	RMB ordinary shares	3,804,400
UBS AG LONDON BRANCH	3,564,877	Domestic listed foreign shares	3,564,877
Explanation on associated relationship among the aforesaid shareholders	Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.		
Explanation on shareholders involving margin business about top ten common stock shareholders (if applicable)	Beijing Haoqing Fortune Investment Management Co., Ltd. – Haoqing Value Stable No.8 Investment Fund holds shares of the Company through margin trading and negotiable securities account		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Total shareholders with preferred stock held at Period-end and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

Applicable Not applicable

1. Wages payable: a decrease of 70.9527 million Yuan compared with the beginning of the period, with a growth rate of -32.90%, mainly because employee's wages accrual last year are provided in the Period;
2. Assets impairment loss: a decrease of 1.6439 million Yuan on a year-on-year basis, with a growth rate of -600.23%, mainly because the bad debt of receivables accrual independently previous year has collected in the period, bad debt provision are switch back;
3. Income from assets disposal: an increase of 3.7979 million Yuan on a year-on-year basis, with a growth rate of 11,709.29%, mainly due to the account from property levied by the government in the period;
4. Other income: an increase of 331,500 Yuan on a year-on-year basis, with a growth rate of 30.46%, mainly because government grant received in the period increased from a year earlier;
5. Non-operation revenue: a decrease of 868,300 Yuan on a year-on-year basis, with a growth rate of -38.96%, mainly because the payable without payment has written down at same period of last year while no such changes in the period;
6. Non-operation expenditure: a decrease of 1.854 million Yuan on a year-on-year basis, with a growth rate of -74.80%, mainly due to the arbitration penalty at same period of last year while no such changes in the period;
7. Refunds of taxes: a decrease of 98,200 Yuan on a year-on-year basis, with a growth rate of -99.61%, mainly because tax refunds received in the period declined from a year earlier;
8. Net cash flow from operating activities: a decrease of 362 million Yuan on a year-on-year basis, with a growth rate of -72.16%, mainly because the cash received from good sale and providing labor service declined from a year earlier;
9. Cash received from investment income: an increase of 332,500 Yuan on a year-on-year basis with a growth rate of 78.33%, mainly because the interest for entrusted loans from affiliated enterprise in the period increased from a year earlier;
10. Net cash received from disposal of fixed assets, intangible assets and other long-term assets: an increase of 5.556 million Yuan on a year-on-year basis with a growth rate of 4,305.69%, mainly because the revenue from intangible assets disposal increased from a year earlier;
11. Other cash received relating to investment activities: a decrease of 41.8152 million Yuan on a year-on-year basis, with a growth rate of -48.73%, mainly because the margin for restructure projects are collected at same period of last year while no such account in the period;
12. Sub-total of cash inflows from investment activities: a decrease of 35.9267 million Yuan on a year-on-year basis, with a growth rate of -41.60%, mainly because the margin for restructure projects are collected at same period of last year while no such account in the period;
13. Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets: an increase of 13.2185 million Yuan on a year-on-year basis, with a growth rate of 35.18%, mainly because expenditure for decoration purchasement increased from a year earlier for more new stores open in retail section in the period;
14. Cash paid for investment: a decrease of 60 million Yuan on a year-on-year basis with a growth rate of -100%, mainly because medical industry fund are subscribe at same period of last year while no such account in the period;
15. Net cash paid for obtaining subsidiary and other operation units: a decrease of 10 million Yuan on a year-on-year basis with a growth rate of -100%, mainly because subscribed subsidiary's equity at same period of last year while no such account in the period;

16. Other cash paid relating to investment activities: a decrease of 155 million Yuan on a year-on-year basis, with a growth rate of -77.88%, mainly because account for equity restructuring are paid at same period of last year while no such account in the period;
17. Sub-total of cash outflows from investment activities: a decrease of 212 million Yuan on a year-on-year basis, with a growth rate of -69.07%, mainly because account for equity restructuring are paid at same period of last year while no such account in the period;
18. Net cash flow from investment activities: an increase of 176 million Yuan on a year-on-year basis, with a growth rate of 79.86%, mainly because account for equity restructuring are paid at same period of last year while no such account in the period;
19. Cash received by absorbing investments: an increase of 11.4932 million Yuan on a year-on-year basis, mainly because investment from minority shareholders in the period increased from a year earlier while no such account at same period of last year;
20. Cash received from debts: a decrease of 74.8513 million Yuan on a year-on-year basis, with a growth rate of -84.56%, mainly because the loan for current funds received from bank declined from a year earlier;
21. Other cash received relating to financing activities: an increase of 79.0805 million Yuan on a year-on-year basis, with a growth rate of 347.71%, mainly because factoring financing in the period increased from a year earlier;
22. Cash paid for distribution of dividend, profit or interest payment: an increase of 10.2266 million Yuan on a year-on-year basis, with a growth rate of 49.65%, mainly because the payment of buyer notes discount interest and interest of factoring financing are increased from a year earlier;
23. Other cash paid relating to financing activities: an increase of 774,700 Yuan on a year-on-year basis, with a growth rate of 32.92%, mainly because factoring fee and financing lease interest expenditure increased from a year earlier;
24. Net cash flow from financing activities: an increase of 11.1249 million Yuan on a year-on-year basis, with a growth rate of 50.77%, mainly because factoring financing increased from a year earlier in the period

II. Analysis and explanation of significant events and their influence and solutions

Applicable Not applicable

The proposal on the wholly-owned subsidiary Sinopharm Group Guoda Drugstore Co.,Ltd., Bringing in Strategic Investors by Means of Capital Increase and Share Expansion was deliberated and approved on the 25th meeting of the 7th session of Board of Directors On Sep. 4th, 2017, and the wholly-owned subsidiary Sinopharm Group Guoda Drugstore Co., Ltd (hereinafter referred to as “Guoda Drugstore”) has got the approval of bringing in one strategic investor by means of capital increase and share expansion, taking assets assessment report as the reference of pricing. The Company has been listed on stock exchanges at Shanghai United Assets and Equity Exchange on Sep. 20th, 2017, has amassed an interested investor, as the actual controller, Walgreens Boots Alliance (NASDAQ: WBA, hereinafter referred as “Walgreens” or “WBA”) has subscribed the stock rights of Guoda Drugstore through taking its wholly-owned subsidiary Walgreens Boots Alliance (Hong Kong) Investments Limited (hereinafter referred to as “WBAHKIL”) that is based in Hong Kong as the subject of capital increase, with capital increase by 2766.70 million Yuan, it holds a 40 percent of stake of Guoda Drugstore. At beginning of the December in 2017, the Company, Sinopharm Group Guoda Drugstore Co.,Ltd. and WBAHKIL, had signed up the Registered Capital Increase and Subscription Agreement. On 23 March 2018, the Company received the “Decision on Non Implementation of Further Review ” (S Anti-Monopoly CSH [2018] No.104) issued by MOFCOM transferred from Walgreens Boots Alliance Investment Luxemburg Co., Ltd.

By the end of date of disclosure, the project needs to acquired approval of foreign investment from MOFCOM. The Company will continue to fulfill the obligation of information disclosure according to the progress of this project.

Overview of important matters	Date of disclosure	Interim report disclosure website query index
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Notice on Progress of the wholly-owned subsidiary Guoda Drugstore Bringing in Strategic Investors by Means of Capital Increase and Share Expansion	2018-03-24	Juchao Website (http://www.cninfo.com.cn)
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III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

Applicable Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies.

IV. Predict of the business performance from January to June 2018

Warnings and reasons of the predict that the cumulative net profit from the begin of the year to the end of next report period may be loss or have great changes comparing with the same period of last year

Applicable Not applicable

V. Securities Investment

Applicable Not applicable

No security investment in the Period.

VI. Derivative investment

Applicable Not applicable

No derivative investment in the Period.

VII. Registration form for receiving research, communication and interview in the report period

Applicable Not applicable

The Company had no receiving research, communication or interview in the report period.

VIII. Guarantee outside against the regulation

Applicable Not applicable

The Company had no guarantee outside against the regulation in the period.

IX. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

The Company had no non-operational fund occupation form controlling shareholders and its related party in the period.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by China National Accord Medicines Corporation Ltd.

2018-03-31

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	3,262,283,179.59	4,191,655,438.51
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable	1,276,377,993.69	1,504,194,764.08
Accounts receivable	9,865,484,747.44	7,589,412,679.88
Accounts paid in advance	417,629,112.14	516,778,117.47
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	57,285.56	61,441.11
Dividend receivable		
Other receivables	633,837,464.61	657,871,058.54
Purchase restituted finance asset		
Inventories	4,130,751,774.97	3,781,858,238.12
Assets held for sale		
Non-current asset due within one year		
Other current assets	81,277,860.94	78,947,644.62
Total current assets	19,667,699,418.94	18,320,779,382.33
Non-current assets:		

Loans and payments on behalf		
Finance asset available for sales	13,685,760.00	13,685,760.00
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	1,733,234,745.09	1,650,619,373.09
Investment property	152,101,534.88	153,678,339.11
Fixed assets	554,170,016.26	551,710,434.02
Construction in progress	27,686,516.27	22,947,258.99
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	322,922,263.94	325,751,430.88
Expense on Research and Development		
Goodwill	830,729,152.75	830,729,152.75
Long-term expenses to be apportioned	251,971,852.91	252,247,050.79
Deferred income tax asset	80,898,126.88	79,472,883.06
Other non-current asset	125,806,593.59	142,022,462.75
Total non-current asset	4,093,206,562.57	4,022,864,145.44
Total assets	23,760,905,981.51	22,343,643,527.77
Current liabilities:		
Short-term loans	1,724,641,669.82	1,561,354,521.64
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	2,588,298,964.51	2,732,437,828.42
Accounts payable	7,189,784,129.58	6,144,221,000.10
Accounts received in advance	167,703,871.35	216,938,239.32
Selling financial asset of repurchase		
Commission charge and		

commission payable		
Wage payable	144,703,827.72	215,656,526.54
Taxes payable	199,482,915.87	223,752,900.24
Interest payable	6,898,654.14	7,311,819.65
Dividend payable	11,889,443.11	11,889,443.11
Other accounts payable	1,182,977,735.01	1,011,128,397.26
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year	5,531,891.01	5,434,770.70
Other current liabilities	112,277.17	112,817.65
Total current liabilities	13,222,025,379.29	12,130,238,264.63
Non-current liabilities:		
Long-term loans	31,600,000.00	31,600,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable	8,185,314.17	9,332,537.14
Long-term wages payable	1,777,000.00	1,777,000.00
Special accounts payable	800,000.00	800,000.00
Accrual liabilities		
Deferred income	123,626,993.27	125,082,372.53
Deferred income tax liabilities	70,687,700.19	71,883,253.02
Other non-current liabilities	45,427,343.31	45,427,343.31
Total non-current liabilities	282,104,350.94	285,902,506.00
Total liabilities	13,504,129,730.23	12,416,140,770.63
Owner's equity:		
Share capital	428,126,983.00	428,126,983.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		

Capital public reserve	3,181,429,064.99	3,181,429,064.99
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	214,063,491.50	214,063,491.50
Provision of general risk		
Retained profit	5,865,684,491.72	5,572,952,806.39
Total owner's equity attributable to parent company	9,689,304,031.21	9,396,572,345.88
Minority interests	567,472,220.07	530,930,411.26
Total owner's equity	10,256,776,251.28	9,927,502,757.14
Total liabilities and owner's equity	23,760,905,981.51	22,343,643,527.77

Legal Representative: Lin Zhaoxiong

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institute: Wang Ying

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,164,288,622.01	1,776,696,342.87
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	9,612,441.57	64,799,618.07
Accounts receivable	704,186,741.40	480,467,760.92
Account paid in advance	629,345.64	1,138,312.26
Interest receivable	1,837,134.16	1,844,294.10
Dividends receivable		
Other receivables	1,487,703,176.87	1,516,037,945.71
Inventories	189,362,652.93	172,022,676.96
Assets held for sale		
Non-current assets maturing within		

one year		
Other current assets	530,332.42	788,964.90
Total current assets	3,558,150,447.00	4,013,795,915.79
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	7,266,721,592.63	7,180,306,084.56
Investment property	2,561,837.54	2,763,831.92
Fixed assets	17,743,826.41	13,831,103.54
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	1,129,078.57	1,287,775.78
Research and development costs		
Goodwill		
Long-term deferred expenses	5,219,800.75	5,543,217.86
Deferred income tax assets	2,899,092.11	2,764,724.75
Other non-current assets	67,141,840.00	71,808,611.00
Total non-current assets	7,363,417,068.01	7,278,305,349.41
Total assets	10,921,567,515.01	11,292,101,265.20
Current liabilities:		
Short-term borrowings	641,424,900.71	707,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	224,521,924.73	239,563,961.30
Accounts payable	472,847,339.30	434,886,685.35
Accounts received in advance	1,283,646.71	1,912,503.90
Wage payable	23,537,311.43	33,592,851.93
Taxes payable	42,254,243.37	42,386,907.00
Interest payable	379,939.40	669,533.78

Dividend payable		
Other accounts payable	1,000,331,066.20	1,415,053,655.18
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities	112,277.17	112,817.65
Total current liabilities	2,406,692,649.02	2,875,178,916.09
Non-current liabilities:		
Long-term loans	31,600,000.00	31,600,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable	800,000.00	800,000.00
Projected liabilities		
Deferred income	2,007,000.00	2,054,250.00
Deferred income tax liabilities	3,773,319.00	3,773,319.00
Other non-current liabilities		
Total non-current liabilities	38,180,319.00	38,227,569.00
Total liabilities	2,444,872,968.02	2,913,406,485.09
Owners' equity:		
Share capita	428,126,983.00	428,126,983.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	4,407,091,484.13	4,407,091,484.13
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	214,063,491.50	214,063,491.50
Retained profit	3,427,412,588.36	3,329,412,821.48
Total owner's equity	8,476,694,546.99	8,378,694,780.11

Total liabilities and owner's equity	10,921,567,515.01	11,292,101,265.20
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3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	10,256,566,731.51	10,222,459,812.55
Including: Operating income	10,256,566,731.51	10,222,459,812.55
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	9,962,364,535.96	9,929,024,160.13
Including: Operating cost	9,138,308,909.43	9,158,010,239.31
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	26,770,236.12	29,737,745.69
Sales expenses	606,866,589.59	548,629,093.08
Administration expenses	169,516,240.49	170,428,020.23
Financial expenses	22,272,552.43	21,945,189.25
Losses of devaluation of asset	-1,369,992.10	273,872.57
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	82,615,372.00	70,987,332.61
Including: Investment income on affiliated company and joint venture	82,615,372.00	70,987,332.61
Exchange income (Loss is listed with "-")		

Assets disposal income (Loss is listed with “-”)	3,830,300.39	32,434.63
Other income	1,419,763.88	1,088,241.07
III. Operating profit (Loss is listed with “-”)	382,067,631.82	365,543,660.73
Add: Non-operating income	1,360,096.85	2,228,376.43
Less: Non-operating expense	624,679.96	2,478,659.30
IV. Total Profit (Loss is listed with “-”)	382,803,048.71	365,293,377.86
Less: Income tax expense	69,964,333.16	70,280,239.83
V. Net profit (Net loss is listed with “-”)	312,838,715.55	295,013,138.03
(I) Continuous operation net profit (Net loss is listed with “-”)	312,838,715.55	295,013,138.03
(II) Discontinued operation net profit (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	292,731,685.33	272,564,318.71
Minority shareholders’ gains and losses	20,107,030.22	22,448,819.32
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee		

accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	312,838,715.55	295,013,138.03
Total comprehensive income attributable to owners of parent Company	292,731,685.33	272,564,318.71
Total comprehensive income attributable to minority shareholders	20,107,030.22	22,448,819.32
VIII. Earnings per share:		
(i) Basic earnings per share	0.68	0.64
(ii) Diluted earnings per share	0.68	0.64

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized -1,096.00 Yuan at last period for combined party

Legal Representative: Lin Zhaoxiong

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institute: Wang Ying

4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
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I. Operating income	838,120,017.53	802,057,016.78
Less: Operating cost	799,779,364.60	769,324,785.10
Operating tax and extras	835,459.34	1,519,528.19
Sales expenses	12,616,898.48	12,395,531.55
Administration expenses	17,050,142.14	13,154,355.35
Financial expenses	-8,050,984.45	-18,888,226.18
Losses of devaluation of asset	615,777.60	-110,682.96
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	86,415,508.07	76,265,472.96
Including: Investment income on affiliated company and joint venture	86,415,508.07	76,265,472.96
Assets disposal income (Loss is listed with “-”)		1,087.38
Other income	326,108.76	641,300.00
II. Operating profit (Loss is listed with “-”)	102,014,976.65	101,569,586.07
Add: Non-operating income	1.36	6,429.22
Less: Non-operating expense	127,688.63	1,011,760.15
III. Total Profit (Loss is listed with “-”)	101,887,289.38	100,564,255.14
Less: Income tax expense	3,887,522.50	6,181,603.71
IV. Net profit (Net loss is listed with “-”)	97,999,766.88	94,382,651.43
(I) Continuous operation net profit (Net loss is listed with “-”)	97,999,766.88	94,382,651.43
(II) Discontinued operation net profit (Net loss is listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee		

accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	97,999,766.88	94,382,651.43
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	9,559,665,373.83	10,328,284,481.94
Net increase of customer deposit and interbank deposit		

Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	389.03	98,628.11
Other cash received concerning operating activities	148,125,927.35	207,536,266.55
Subtotal of cash inflow arising from operating activities	9,707,791,690.21	10,535,919,376.60
Cash paid for purchasing commodities and receiving labor service	9,484,567,939.67	9,820,844,639.93
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	506,267,191.33	479,482,361.89
Taxes paid	263,785,194.50	295,430,548.56

Other cash paid concerning operating activities	317,887,654.67	442,425,102.33
Subtotal of cash outflow arising from operating activities	10,572,507,980.17	11,038,182,652.71
Net cash flows arising from operating activities	-864,716,289.96	-502,263,276.11
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	757,007.78	424,502.22
Net cash received from disposal of fixed, intangible and other long-term assets	5,685,052.04	129,038.95
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	44,000,000.00	85,815,179.38
Subtotal of cash inflow from investing activities	50,442,059.82	86,368,720.55
Cash paid for purchasing fixed, intangible and other long-term assets	50,791,078.84	37,572,554.85
Cash paid for investment		60,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		10,000,000.00
Other cash paid concerning investing activities	43,999,800.00	198,944,422.63
Subtotal of cash outflow from investing activities	94,790,878.84	306,516,977.48
Net cash flows arising from investing activities	-44,348,819.02	-220,148,256.93
III. Cash flows arising from financing activities		
Cash received from absorbing investment	11,493,200.00	
Including: Cash received from absorbing minority shareholders'	11,493,200.00	

investment by subsidiaries		
Cash received from loans	13,671,657.79	88,522,962.94
Cash received from issuing bonds		
Other cash received concerning financing activities	101,823,564.80	22,743,050.43
Subtotal of cash inflow from financing activities	126,988,422.59	111,266,013.37
Cash paid for settling debts	60,000,000.00	66,403,745.30
Cash paid for dividend and profit distributing or interest paying	30,822,293.85	20,595,737.67
Including: Dividend and profit of minority shareholder paid by subsidiaries	2,581,864.12	508,903.35
Other cash paid concerning financing activities	3,127,895.57	2,353,233.82
Subtotal of cash outflow from financing activities	93,950,189.42	89,352,716.79
Net cash flows arising from financing activities	33,038,233.17	21,913,296.58
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-876,026,875.81	-700,498,236.46
Add: Balance of cash and cash equivalents at the period -begin	3,673,498,691.48	3,150,915,425.49
VI. Balance of cash and cash equivalents at the period -end	2,797,471,815.67	2,450,417,189.03

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	762,534,474.46	742,518,400.20
Write-back of tax received		

Other cash received concerning operating activities	35,545,170.43	7,196,336.45
Subtotal of cash inflow arising from operating activities	798,079,644.89	749,714,736.65
Cash paid for purchasing commodities and receiving labor service	809,539,295.55	802,517,675.95
Cash paid to/for staff and workers	28,353,128.47	25,437,740.17
Taxes paid	9,359,247.21	31,457,445.98
Other cash paid concerning operating activities	5,064,967.04	5,269,455.38
Subtotal of cash outflow arising from operating activities	852,316,638.27	864,682,317.48
Net cash flows arising from operating activities	-54,236,993.38	-114,967,580.83
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	15,164,809.14	18,996,884.57
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	567,200,000.00	628,959,200.00
Subtotal of cash inflow from investing activities	582,364,809.14	647,956,084.57
Cash paid for purchasing fixed, intangible and other long-term assets	3,475,188.15	2,112,339.07
Cash paid for investment		60,000,000.00
Net cash received from subsidiaries and other units		10,000,000.00
Other cash paid concerning investing activities	564,900,000.00	962,127,450.00
Subtotal of cash outflow from investing	568,375,188.15	1,034,239,789.07

activities		
Net cash flows arising from investing activities	13,989,620.99	-386,283,704.50
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	10,000,000.00	10,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities	3,631,131,894.36	2,494,200,152.44
Subtotal of cash inflow from financing activities	3,641,131,894.36	2,504,200,152.44
Cash paid for settling debts	10,000,000.00	10,000,000.00
Cash paid for dividend and profit distributing or interest paying	9,054,055.96	1,542,929.92
Other cash paid concerning financing activities	4,194,238,186.87	2,571,601,495.22
Subtotal of cash outflow from financing activities	4,213,292,242.83	2,583,144,425.14
Net cash flows arising from financing activities	-572,160,348.47	-78,944,272.70
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-612,407,720.86	-580,195,558.03
Add: Balance of cash and cash equivalents at the period -begin	1,776,696,342.87	1,342,041,409.86
VI. Balance of cash and cash equivalents at the period -end	1,164,288,622.01	761,845,851.83

II. Audit report

Whether the first quarterly report had been audited or not

Yes No

The first quarterly report of the Company had not been audited.

China National Accord Medicines Corporation Ltd.

Legal representative: Lin Zhaoxiong

24 April 2018